

AMENDED IN ASSEMBLY APRIL 2, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1812**

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**Introduced by Assembly Member Arambula**

January 16, 2008

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An act to *amend Sections 18804 and 18808 of, and to add and repeal Article 13.53 (commencing with Section 18848) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1812, as amended, Arambula. Taxpayer contributions: *California firefighters' and peace officer memorial funds*: Fire Safety Fund.

*Under existing law regulating the administration of personal income taxes and corporation taxes, individual taxpayers are allowed to contribute amounts in excess of their tax liability for the support of specified funds or accounts, including, among others, the California Firefighters' Memorial Fund and the California Peace Officer Memorial Foundation. Existing law provides for the repeal of the contribution provisions for these funds on January 1, 2011.*

*This bill would instead repeal those provisions on January 1, 2016.*

~~Existing law, relating to the administration of personal income taxes, authorizes individual taxpayers to contribute amounts in excess of their tax liability for the support of specified funds.~~

This bill would *additionally* allow taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the Fire Safety Fund, which would be created by this bill. However, the bill would provide that a voluntary contribution

designation for this fund may not be added on the tax return until another voluntary contribution designation is removed from that return.

This bill would require that all moneys contributed to the fund pursuant to these provisions, upon appropriation by the Legislature, be allocated to the Franchise Tax Board, the Controller, and the Office of Emergency Services for allocation of award grants, as provided.

This bill would provide that these voluntary contribution provisions would be repealed on January 1 of the 5th taxable year following the taxable year the fund first appears on the personal income tax return. The bill would further provide that these provisions would be repealed for taxable years beginning on or after January 1 of the calendar year in which the Franchise Tax Board estimates by September 1 that the contributions made on returns filed in that calendar year will be less than \$250,000, or an adjusted amount for subsequent taxable years.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     *SECTION 1. Section 18804 of the Revenue and Taxation Code*
- 2     *is amended to read:*
- 3     18804. (a) This article shall remain in effect only until January
- 4     1, ~~2011~~ 2016, and as of that date is repealed, unless a later enacted
- 5     statute, which is enacted before January 1, ~~2011~~ 2016, deletes or
- 6     extends that date.
- 7     (b) (1) If the repeal date specified in subdivision (a) has been
- 8     deleted and if, thereafter, in any calendar year the Franchise Tax
- 9     Board estimates by September 1 that contributions described in
- 10    this article made on returns filed in that calendar year will be less
- 11    than the minimum contribution amount prescribed by paragraph
- 12    (2), then this article is inoperative with respect to taxable years
- 13    beginning on and after January 1 of that calendar year. The
- 14    Franchise Tax Board shall estimate the annual contribution amount
- 15    by September 1 of each year using the actual amounts known to
- 16    be contributed and an estimate of the remaining year's
- 17    contributions.
- 18    (2) For purposes of this section, "minimum contribution amount"
- 19    means two hundred fifty thousand dollars (\$250,000) for any
- 20    calendar year.

1 (c) Notwithstanding the repeal of this article, any contribution  
2 amounts designated pursuant to this article prior to its repeal shall  
3 continue to be transferred and disbursed in accordance with this  
4 article as in effect immediately prior to that repeal.

5 *SEC. 2. Section 18808 of the Revenue and Taxation Code is*  
6 *amended to read:*

7 18808. (a) This article shall remain in effect only until January  
8 1, ~~2011~~ 2016, and as of that date is repealed, unless a later enacted  
9 statute, which is enacted before January 1, ~~2011~~ 2016, deletes that  
10 date.

11 (b) If the repeal date specified in subdivision (a) has been  
12 deleted, all of the following apply:

13 (1) By September 1 of the calendar year beginning after the  
14 effective date of the act deleting the repeal date and by September  
15 1 of each subsequent calendar year that the California Peace  
16 Officer's Memorial Foundation Fund appears on a tax return, the  
17 Franchise Tax Board shall do all of the following:

18 (A) Determine the minimum contribution amount required to  
19 be received during the next calendar year for the fund to appear  
20 on the tax return for the taxable year that includes that next calendar  
21 year.

22 (B) Provide written notification to the California Peace Officer  
23 Memorial Commission of the amount determined in subparagraph  
24 (A).

25 (C) Determine whether the amount of contributions estimated  
26 to be received during the calendar year will equal or exceed the  
27 minimum contribution amount determined by the Franchise Tax  
28 Board for the calendar year pursuant to subparagraph (A). The  
29 Franchise Tax Board shall estimate the amount of contributions  
30 to be received by using the actual amounts received and an estimate  
31 of the contributions that will be received by the end of that calendar  
32 year.

33 (2) If the Franchise Tax Board determines that the amount of  
34 contributions estimated to be received during a calendar year will  
35 not at least equal the minimum contribution amount for the calendar  
36 year, this article is repealed with respect to taxable years beginning  
37 on or after January 1 of that calendar year.

38 (3) For purposes of this section, the minimum contribution  
39 amount for a calendar year means two hundred fifty thousand  
40 dollars (\$250,000) for the first calendar year beginning after the

1 effective date of the act that deleted the repeal date specified in  
2 subdivision (a), or the minimum contribution amount adjusted  
3 pursuant to subdivision (c).

4 (c) For each calendar year, beginning with calendar year 2005,  
5 the Franchise Tax Board shall adjust, on or before September 1 of  
6 that calendar year, the minimum contribution amount specified in  
7 subdivision (b) as follows:

8 (1) The minimum contribution amount for the calendar year  
9 shall be an amount equal to the product of the minimum  
10 contribution amount for the prior calendar year multiplied by the  
11 inflation factor adjustment as specified in paragraph (2) of  
12 subdivision (h) of Section 17041, rounded off to the nearest dollar.

13 (2) The inflation factor adjustment used for the calendar year  
14 shall be based on the figures for the percentage change in the  
15 California Consumer Price Index received on or before August 1  
16 of the calendar year pursuant to paragraph (1) of subdivision (h)  
17 of Section 17041.

18 (d) Notwithstanding the repeal of this article, any contribution  
19 amounts designated pursuant to this article prior to its repeal shall  
20 continue to be transferred and disbursed in accordance with this  
21 article as in effect immediately prior to that repeal.

22 ~~SECTION 4.~~

23 *SEC. 3.* Article 13.53 (commencing with Section 18848) is  
24 added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and  
25 Taxation Code, to read:

26  
27 Article 13.53. Fire Safety Fund  
28

29 18848. (a) An individual may designate on the tax return that  
30 a contribution in excess of the tax liability, if any, be made to the  
31 Fire Safety Fund established by Section 18848.1. That designation  
32 is to be used as a voluntary contribution on the tax return.

33 (b) The contributions shall be in full dollar amounts and may  
34 be made individually by each signatory on a joint return.

35 (c) A designation shall be made for any taxable year on the  
36 initial return for that taxable year and once made is irrevocable. If  
37 payments and credits reported on the return, together with any  
38 other credits associated with the taxpayer's account, do not exceed  
39 the taxpayer's liability, the return shall be treated as though no  
40 designation has been made. If no designee is specified, the

1 contribution shall be transferred to the General Fund after  
2 reimbursement of the direct actual costs of the Franchise Tax Board  
3 for the collection and administration of funds under this article.

4 (d) If an individual designates a contribution to more than one  
5 account or fund listed on the tax return, and the amount available  
6 is insufficient to satisfy the total amount designated, the  
7 contribution shall be allocated among the designees on a pro rata  
8 basis.

9 (e) (1) The Franchise Tax Board shall revise the form of the  
10 return to include a space labeled the “Fire Safety Fund” to allow  
11 for the designation permitted. The form shall also include in the  
12 instructions information that the contribution may be in the amount  
13 of one dollar (\$1) or more and that the contribution shall be used  
14 for the award of grants to city, county, city and county, *fire*  
15 *protection districts*, and volunteer fire departments to provide  
16 fire/smoke alarms to low-income households free of charge.

17 (2) *For purposes of this article, “fire protection district” means*  
18 *a fire protection district organized pursuant to Chapter 3*  
19 *(commencing with Section 13815) of Part 2.7 of Division 12 of the*  
20 *Health and Safety Code.*

21 (f) Notwithstanding any other provision of law, a voluntary  
22 contribution designation for the Fire Safety Fund may not be added  
23 to the tax return until another voluntary contribution is removed.

24 (g) A deduction shall be allowed under Article 6 (commencing  
25 with Section 17201) of Chapter 3 of Part 10 for any contribution  
26 made pursuant to subdivision (a).

27 18848.1. There is hereby established in the State Treasury the  
28 Fire Safety Fund to receive contributions made pursuant to Section  
29 18848. The Franchise Tax Board shall notify the Controller of  
30 both the amount of money paid by taxpayers in excess of their tax  
31 liability and the amount of refund money that taxpayers have  
32 designated pursuant to Section 18848 to be transferred to the Fire  
33 Safety Fund. The Controller shall transfer from the Personal  
34 Income Tax Fund to the Fire Safety Fund an amount not in excess  
35 of the sum of the amounts designated by individuals pursuant to  
36 Section 18848 for payment into that fund.

37 18848.2. (a) All moneys transferred to the Fire Safety Fund,  
38 upon appropriation by the Legislature, shall be allocated as follows:

1 (1) To the Franchise Tax Board and the Controller for  
2 reimbursement of all costs incurred by the Franchise Tax Board  
3 and the Controller in connection with their duties under this article.

4 (2) To the Office of Emergency Services for the award of grants  
5 to city, county, city and county, *fire protection districts*, and  
6 volunteer fire departments to provide fire/smoke alarms to  
7 low-income households free of charge.

8 (b) The Office of Emergency Services shall be prohibited from  
9 using these funds for staffing or other administrative costs.

10 (c) The Office of Emergency Services shall define the term  
11 “low-income households,” and shall develop and implement the  
12 grant program described in paragraph (2) of subdivision (a).

13 18848.3. (a) Except as otherwise provided in subdivision (b),  
14 this article shall remain in effect only until January 1 of the fifth  
15 taxable year following the first appearance of the Fire Safety Fund  
16 on the personal income tax return, and as of that date is repealed,  
17 unless a later enacted statute, that is enacted before the applicable  
18 date, deletes or extends that date.

19 (b) (1) By September 1 of each subsequent calendar year that  
20 the Fire Safety Fund appears on the tax return, the Franchise Tax  
21 Board shall do all of the following:

22 (A) Determine the minimum contribution amount required to  
23 be received during the next calendar year for the fund to appear  
24 on the tax return for the taxable year that includes that next calendar  
25 year.

26 (B) Provide written notification to the Office of Emergency  
27 Services of the amount determined in subparagraph (A).

28 (C) Determine whether the amount of contributions estimated  
29 to be received during the calendar year will equal or exceed the  
30 minimum contribution amount determined by the Franchise Tax  
31 Board for the calendar year pursuant to subparagraph (A). The  
32 Franchise Tax Board shall estimate the amount of contributions  
33 to be received by using the actual amounts received and an estimate  
34 of the contributions that will be received by the end of that calendar  
35 year.

36 (2) If the Franchise Tax Board determines that the amount of  
37 the contributions estimated to be received during a calendar year  
38 will not at least equal the minimum contribution amount for the  
39 calendar year, this article is repealed with respect to taxable years  
40 beginning on or after January 1 of that calendar year.

1 (3) For purposes of this section, the minimum contribution  
2 amount for a calendar year means two hundred fifty thousand  
3 dollars (\$250,000) for the second calendar year after the first  
4 appearance of the Fire Safety Fund on the personal income tax  
5 return or the adjusted minimum contribution amount adjusted  
6 pursuant to subdivision (c).

7 (c) For each calendar year, beginning with the third calendar  
8 year after the first appearance of the Fire Safety Fund on the  
9 personal income tax return, the Franchise Tax Board shall adjust,  
10 on or before September 1 of that calendar year, the minimum  
11 contribution amount specified in subdivision (b) as follows:

12 (1) The minimum estimated contribution amount for the calendar  
13 year shall be an amount equal to the product of the minimum  
14 estimated contribution amount for the calendar year multiplied by  
15 the inflation factor adjustment as specified in subparagraph (A) of  
16 paragraph (2) of subdivision (h) of Section 17041, rounded off to  
17 the nearest dollar.

18 (2) The inflation factor adjustment used for the calendar year  
19 shall be based on the figures for the percentage change in the  
20 California Consumer Price Index received on or before August 1  
21 of the calendar year pursuant to paragraph (1) of subdivision (h)  
22 of Section 17041.

23 (d) Notwithstanding the repeal of this article, any contribution  
24 amounts designated pursuant to this article prior to its repeal shall  
25 continue to be transferred and disbursed in accordance with this  
26 article as in effect immediately prior to that repeal.